



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

May 4, 2015

JONATHAN LINES, TREASURER  
ARIZONA REPUBLICAN PARTY  
3501 NORTH 24TH STREET  
PHOENIX, AZ 85016

**Response Due Date**  
**06/08/2015**

IDENTIFICATION NUMBER: C00008227

REFERENCE: AMENDED 12 DAY PRE-GENERAL REPORT (10/01/2014 -  
10/15/2014), RECEIVED 12/17/2014

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 16 item(s):

1. Your amended report discloses an increase in receipts totaling \$120,437 from the amounts disclosed on your original report. Please amend your report or provide clarifying information as to why this activity was not disclosed on your original report. (11 CFR § 104.3)
2. Schedule A of your report (see attached) discloses one or more contributions which appear to exceed the limits set forth in the Act. Please be advised that 52 U.S.C. §30116(f) (formerly 2 U.S.C. §441a(f)) and 11 CFR §110.1(c) prohibit a state, district or local party committee (combined) from receiving any contribution from a person or non-multicandidate political committee in excess of \$10,000 per calendar year.

The Commission notes the partial transfer-out of the excessive contribution received from "Mr. F. Najafi" on your Amended 30 Day Post-General Report (10/16/14-11/24/14), received 1/15/15. However, \$5,000 in excessive funds remain in the federal account.

If any apparently excessive contribution in question was incompletely or incorrectly disclosed, you must amend your original report with the clarifying information.

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If any contribution you received exceeds the limits, you may have to refund the excessive amount. The funds can be retained if within 60 days of receipt, (1) the excessive amount was properly reattributed to another person, such as a joint account holder, by obtaining signed written authorizations from each person making the contribution pursuant to 11 CFR 110.1(k)(3), and (2) the treasurer informs the person making the contribution that he or she may request the return of the excessive portion of the contribution if it is not intended to be a joint contribution. Any request from a donor for a refund must be honored.

Alternatively, the funds can be retained if within 60 days of receipt you (1) transferred the excessive amount to an account not used to influence federal elections, and (2) provided written notice to the person making the contribution of the option of receiving a refund. Any request from a donor for a refund must be honored.

If the foregoing conditions for reattributions or transfers to a non-federal account were not met within 60 days of receipt, the excessive amount must be refunded.

Please inform the Commission of your corrective action promptly in writing and provide a photocopy of your check for any transfer-out or refund. In addition, any reattributions should be reported as memo entries on Schedule A of the report covering the period during which the authorization for the reattribution is received. Any transfers-out or refunds should be disclosed on Schedule B supporting Line 22 or 28 of the report during which the transaction was made.

Although the Commission may take further legal action regarding the acceptance of an excessive contribution(s), prompt action by your committee to seek reattribution, transfer-out or refund the excessive amount will be taken into consideration.

**3.** Schedule B supporting Line 30(b) of your report discloses payments for "Candidate mailer" and "Direct mail postage" which are categorized as Federal Election Activity and therefore, may require the disclosure of the candidate(s) this activity should be attributed to. Expenditures and disbursements for public communications that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any candidate for Federal office, meet the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s).

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Further, please be advised that public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate rather than on Schedule B for Line 30(b). Please clarify if this activity meets the definition of Federal Election Activity or if it contains express advocacy and amend your report to properly disclose this activity, if necessary.

4. Please amend your report by providing the purpose for each disbursement itemized on Schedule H4 supporting Line 21(a). (11 CFR §§104.3(a)(4) and 104.10(4))

5. Schedule H4 supporting Line 21(a) of your report discloses payments for "Advertisement," "Communications Expense," and "Direct Mailer." Please be advised that pursuant to 11 CFR §300.33(c)(1), expenditures for public communications (as defined by 11 CFR §100.26) that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any such candidate for Federal office must not be allocated between or among federal and non-federal accounts. Only federal funds may be used.

Further, expenditures and disbursements for public communications that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any candidate for Federal office, meet the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s). However, public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate, rather than on Schedule B for Line 30(b). Please amend your report to properly disclose this activity or provide clarifying information.

If this activity was categorized incorrectly, the Commission recommends that you immediately transfer the funds received by your federal account for this activity back to the non-federal account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will

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be taken into consideration.

**6.** Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule H4 to clarify the following descriptions: "Consulting" and "Event Expenses." (11 CFR § 104.3(b)(3) and 104.10(a)(4))

Additional clarification regarding inadequate purposes of disbursement published in the Federal Register can be found at: [http://www.fec.gov/law/policy/purposeofdisbursement/inadequate\\_purpose\\_list\\_3507.pdf](http://www.fec.gov/law/policy/purposeofdisbursement/inadequate_purpose_list_3507.pdf)

**7.** Schedule H4 of your report discloses a payments for "Voter Registration." 11 CFR §100.24(b) defines as Federal Election Activity, voter registration activity during the period beginning on the date that is 120 calendar days before the date that a regularly scheduled Federal election is held, and ending on the date of the election. Furthermore, the costs for this type of Federal Election Activity must either be paid with federal funds or can be allocated between federal and Levin funds as long as the activity conducted does not refer to a clearly identified candidate for Federal office. It appears that you have allocated these costs between federal and non-federal funds. Any reimbursement from your committee's non-federal account for Federal Election Activity costs is not permissible and must be returned. (11 CFR §§300.32 and 300.33)

Please inform the Commission of your corrective action immediately or provide clarifying information regarding this activity. Although the Commission may take further legal action regarding this apparent prohibited activity, your prompt action will be taken into consideration.

**8.** Schedule B of your report discloses reimbursements to individuals for "Voter Registration." Please be advised that when itemizing reimbursements to individuals for goods or services, if the payment to the original vendor aggregates in excess of \$200 in a calendar year, a memo entry including the name and address of the original vendor, as well as the date, amount and purpose of the original purchase must be provided. Please amend your report to include the missing information and clearly identify on the Schedule B, which reimbursement each memo entry relates to. If itemization is not necessary, you must indicate so in an amendment to this report. (11 CFR §104.9, and Advisory Opinions 1992-1 and 1996-20, footnote 3)

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**9.** Please clarify all expenditures made for "Fundraising Retainer Fee" on Schedule H4. If a portion or all of these expenditures were made on behalf of specifically identified federal candidates, this amount should be disclosed on Schedules B, E, or F supporting Lines 23, 24, or 25 and include the amount, name, address and office sought by each candidate. (11 CFR §§104.3(b) and 106.1)

Alternatively, if the payment(s) on Schedule H4 is associated with fundraising activity conducted for your committee's federal and non-federal accounts, it must be allocated according to the funds received method and the ratio reflected on Schedule H2. Further, it must be categorized as a fundraising activity on Schedule H4. Please provide clarifying information regarding the nature of this transaction(s) and amend your report(s) as appropriate.

**10.** Schedule H4 supporting Line 21(a) of your report discloses payments for "Payroll," "Payroll Taxes," and "Insurance Premiums." Please be advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal Election Activity (FEA) or activities in connection with a Federal election must not be allocated between or among federal and non-federal accounts. Rather, only federal funds may be used. Further, the Commission concluded in Advisory Opinion 2003-11 that amounts spent for employee-specific "fringe benefits," consisting of health insurance, disability insurance, life insurance, retirement benefits and payroll taxes, fall into the category of compensated time.

Please clarify whether this activity is for employees who spent 25% or less of their time during the month(s) referenced above on FEA or activities in connection with a Federal election. If this is not the case, any reimbursement from your committee's non-federal account for this payment is not permissible and must be returned. Although the Commission may take further legal action regarding any improper allocation activity, your prompt action will be taken into consideration.

**11.** Schedule H4 of your report discloses apparent disbursements to "Yavapai County Republican Committee," "Gila County Republican Committee," "Yuma County Republican Committee," "Pima County Republican Committee," and "Coconino County Republican Committee." Please be advised that contributions and transfers to federal committees and/or non federal committees/organizations do not qualify as shared expenses to be allocated between your federal and non federal accounts. Transfers to affiliated

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committees should be disclosed on Schedule B supporting Line 22 of the Detailed Summary Page, contributions to federal committees should be disclosed on a Schedule B supporting Line 23 of the Detailed Summary Page and contributions to non federal committees/organizations on a separate Schedule B supporting Line 29. Any reimbursement from your committee's non federal account for any portion of this activity is not permissible. (11 CFR §102.5(a)(1)(i))

The Commission recommends that you immediately transfer the funds received by your federal account, as reimbursement for the non federal portion, back to your non federal account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

**12.** Schedule H4 of your report discloses a payment to "Hyatt Regency Phoenix," which is categorized as an Administrative expense; however, the purpose of disbursement disclosed is "Party Venue." Please be advised that payments made for your committee's fundraising activities must be allocated according to the funds received method and the ratio reflected on Schedule H2. Please amend your report to clarify the appropriate category for this activity or provide clarifying information regarding this apparent discrepancy. (11 CFR §106.7(d)(4))

**13.** Schedule H4 of your report discloses reimbursements to individuals for "Retainer." Please be advised that when itemizing reimbursements to individuals for goods or services, payment to the original vendors must be itemized as memo entries regardless of amount. Each memo entry must include the name and address of the original vendor, as well as the date, amount and purpose of the original purchase must be provided. Please amend your report to include the missing information and clearly identify on the Schedule H4, which reimbursement each memo entry relates to. (11 CFR §§104.10 and 104.17, and Advisory Opinions 1992-1 and 1996-20, footnote 3)

**14.** Schedule L discloses "AZ FEDERAL" as the name of account. Please note that 11 CFR §300.33(d) permits a committee to pay the entire amount of an allocable expense from its federal account and transfer from its non-federal or Levin account to its federal account solely to cover the Levin share of that allocable expense. As the "AZ FEDERAL" account is not a non-federal or Levin account of your committee, such a transfer(s) is prohibited.

If the transfer(s) in question was incompletely or incorrectly disclosed, you

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should amend your original report with clarifying information. If you have received a prohibited transfer(s), you must transfer-out the impermissible funds to an account not used to influence federal elections or refund the full amount to the donor.

Please inform the Commission of your corrective action immediately in writing and provide a photocopy of your check for the transfer-out or refund. In addition, any transfers-out or refunds should be disclosed on Schedule B supporting Line 22 or 28 of the report covering the period during which the transaction was made.

Although the Commission may take further legal action concerning the acceptance of prohibited transfers, prompt action by your committee to transfer-out or refund the amount will be taken into consideration.

**15.** Your calculations for Line 11 on the Schedule L Aggregation Page for the "AZ FEDERAL" account appear to be incorrect. Cash on hand at the close of the current reporting period (Column A) should always equal the closing calendar year to date (Column B) cash on hand amount. Please amend your report to disclose the corrected total(s). (52 U.S.C. §30104(b) and (e) (formerly 2 U.S.C. §434(b) and (e)))

**16.** Line 7, Column B of the Schedule L Aggregation Page for the "AZ FEDERAL" account represents the total cash on hand as of January 1, 2014. This figure should be the same on all the reports covering the calendar year. Please amend your report to clarify the change made in Line 7, Column B. (52 U.S.C. §30104(b) and (e) (formerly 2 U.S.C. §434(b) and (e)))

**Please note, you will not receive an additional notice from the Commission on this matter.** Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action. **Requests for extensions of time in which to respond will not be considered.**

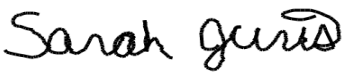
Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please

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contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1175.

Sincerely,

A handwritten signature in black ink that reads "Sarah Juris". The script is cursive and fluid, with the first name "Sarah" and last name "Juris" clearly distinguishable.

Sarah Juris  
Senior Campaign Finance Analyst  
Reports Analysis Division

**Excessive, Prohibited, and Impermissible Contributions**  
**ARIZONA REPUBLICAN PARTY (C00008227)**

**Excessive Contributions from Individuals**

<b>Contributor Name</b>	<b>Date</b>	<b>Amount</b>	<b>Report</b>
Jim Chamberlain	2/27/14	\$10,000.00	2014 March Monthly
Jim Chamberlain	10/4/14	\$5,000.00	2014 12 Day Pre-General
Mrs. Randy Kendrick	6/5/14	\$25,000.00	2014 July Monthly
Mrs. Randy Kendrick	10/5/14	\$10,000.00	2014 12 Day Pre-General
Mr. F. Najafi	10/8/14	\$25,000.00	2014 12 Day Pre-General
Arizona Republican Party-Federal Account: Transfer of excess contributions - Najafi	10/16/14	-\$10,000.00	2014 30 Day Post-General
<b>Total Excessive</b>		\$5,000.00	
Mr. Don Tapia	1/17/14	\$25,000.00	2014 February Monthly
Mr. Don Tapia	10/4/14	\$10,000.00	2014 12 Day Pre-General